

BND Exchange

Bank of North Dakota News & Developments



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Business Disaster Relief Fund Helps Country Club

One of Bank of North Dakota's primary missions is to deliver quality financial services in order to maintain the economic well being of state owned businesses. That mission is never more valuable than when disaster strikes and business and industry suffer a financial crisis.

BND's Business Disaster Relief Loan Program was put to use this past year by a variety of North Dakota businesses. The Grand Forks Country Club used the program after the disastrous flood in 1997 and after flooding this past summer they needed the low interest loans a second time.

Many golf courses in Grand Forks were built in low lying flood prone areas. These courses are most susceptible in the spring after the snow melts and run off raises river levels. Like many golf courses, the



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- Account Executive Tom Schuster

The view from the first tee at the Grand Forks Country Club.

Country Club is able to reseed damaged fairways and greens in the spring prior to the golf season beginning. But when flooding occurs during summer months a variety of complications are set in motion which

can affect the overall financial well being of the club.

This past summer river levels rose and the flooding raced through the middle of the course causing physical

Continued on page 2

BND MATCH Program Cap Raised to \$150 Million

The State Investment Board recently expanded funding for Bank of North Dakota's (BND) MATCH Program from \$100 million to \$150 million. Since the program's inception, BND has financed 15 projects totaling \$97.2 million with four projects worth \$42.6 million pending.

The MATCH program is designed to encourage existing business expansion and attract financially strong companies to North Dakota. It is targeted to companies that generate new wealth to the state. First started in 1990, the program expanded from

\$60 million to \$100 million of funding in 1999.

According to Steve Cochrane, executive director of the North Dakota Retirement and Investment Office (RIO), MATCH has maximized its former funding level. "This is a prime example of state agencies working together for the benefit of economic development in North Dakota," said Cochrane. "The MATCH Program has exceeded expectations and we felt it was time to raise the funding levels in order to meet business needs from all sectors

of North Dakota's economy."

RIO's primary objective is to administer investment programs of several funds including the Public Employees Retirement System (PERS), the Teacher's Fund for Retirement (TFFR) and the Workforce Safety and Insurance Fund. The money used to fund the MATCH Program is invested by RIO in Certificates of Deposit at BND. The Bank uses those deposits to fund eligible companies through the MATCH Program.

"The MATCH program has been a

Continued on page 4

President's Message



Eric Hardmeyer

New technology for customers

For banking customers, access to information is as important as making transactions. Improving these services through technology is the main focus of the Bank of North Dakota's new core banking and imaging systems.

The core banking system provides on-line banking services where BND correspondent bank customers can access information through our web site. It also provides cash management services for various correspondent bank customers.

Quality customer service is our focus at the Bank, and through lending and banking technology, BND strives to provide improved services and be a better bank partner with financial institutions, organizations and other agencies located throughout the state.

The next phase of our core banking project is to move into the electronic transfer and check imaging exchange process. This type of system will assist BND and our customers in gaining operational efficiencies as we implement the process. We are excited about offering new services and developing programs to enhance the banking industry and state's economy.

Disaster Relief

(continued from page 1)

damage to seven holes and half of the driving range. The economic loss also reaches into the club house as green fees, cart fees and food and beverage sales are reduced.

The private organization employs six full-time staff, operates and maintains an 18-hole golf course, dining room, pro shop, swimming pool and affiliated facilities. General Manager Leo Marchel, who has been affiliated with the club since 1978, says membership is near capacity.

"Summer flooding submerges existing areas long enough to kill the grass that is already up. In addition to not being able to play the course during the flooded periods, the holes are closed for preparations and repairs," said Marchel. "We lose revenue because the course becomes non-playable. We have clean up costs from the sludge that needs to be taken off and the grass needs to be re-seeded on both the greens and the fairway."

Jon Handy, Enterprise Sales Manager at Alerus in Grand Forks, formerly served on the board of directors for the country club. He approached account officer Tom Schuster when the board was looking at different programs to fit the Country Club's needs. The best fit was BND's disaster relief loan

program.

"We have been Bank of North Dakota's biggest customer for years," added Schuster. "We embrace how BND deals with business customers and this program is another example of BND's ability to help North Dakota businesses."

The program, which was open to any North Dakota business through December 2005, provided financial relief to those impacted by weather related events. The program provides borrowers with financing to replace or repair equipment and real estate, or in the case of the Grand Forks Country Club, replenish working capital.

Funding limits for the program were a maximum of \$500,000 with BND participating up to 75% of the loan at fixed interest rate of 5.50 percent for five years.

"We had used the disaster program right after the '97 flood so this is the second go-around for the country club," said Schuster. "We found it to work well because of reduced interest costs. That makes it favorable for businesses. It also allows the country club to restructure debt and bring costs down. As a result they can work to bring daily usage back to normal levels because the golf course will be fully operational."

Grand Forks Country Club Swimming area and club house.



BND Will Implement Check Imaging, Other Services

The Bank of North Dakota will soon be implementing Image Processing Services for its customers. The Image Processing service will provide electronic check images for individual and business checking account customers. The new service will capture an electronic image of a check and store it for the customer.

"BND is implementing check imaging in an effort to provide our

customers with banking services in the most cost efficient manner," said Dale Eberle, Senior Vice President of Banking Services. "Moving to this type of imaging technology will be cost effective for the customer and for the state of North Dakota."

In addition to check imaging services, BND will be providing other Image Processing and Payment Services in the near future.

To find out what financial institutions need for services, BND held an Image Processing Forum last fall to explore the types of electronic options available in financial services. Employees from more than 42 financial institutions across the state attended the forum and provided input. The group listened to a presentation about Community Banks and the Payments System presented by Dan Fisher of The Copper River Group, Inc. The future of check clearing in the 21st century and BND's check processing imaging project were also discussed. Surveys from the session illustrated that financial institutions are looking for imaging solutions.

BND plans to move forward this summer to provide our customers and our lending partners, the most comprehensive and innovative check processing and imaging products available.



A crowd of more than 100 people from 42 financial institutions across the state attended BND's Image Processing Forum and listened to featured speaker Dan Fisher talk about payment systems of the future.

Clement Appointed to Serve on BND Advisory Board

Governor John Hoeven recently appointed Pat Clement of Bismarck to serve on the Bank of North Dakota (BND) Advisory Board. Clement's term is effective November 15, 2005 to June 30, 2009.

A native of Garrison, N.D., she graduated from the University of North Dakota, Grand Forks. Clement was a member of the initial Bismarck Little League Board of Directors and has served as president of the Missouri Family YMCA Board of Directors.

Clement is Manager Finance and Accounting /Treasurer and Assistant Corporate Secretary at BNI Coal, Ltd. headquartered in Bismarck. She has worked in the finance and accounting area at BNI Coal for 29 years. BNI Coal, Ltd., a North Dakota corporation, provides lignite coal to the Milton R. Young Stations at Center, N.D. In 1989 the Company became a wholly owned subsidiary of ALLETE, a Minnesota diversified electric utility.

"I'm excited to join the BND Advisory Board and look forward to serving on this board," says Clement. Pat and her husband, Don, managing partner at the Brady Martz and Associates Bismarck office, have two sons: Casey and Kelly.



BND Advisory Board from left to right: Karl Bollingberg, Pat Mahar, Elaine Fremling, Frank Larson, Pat Clement, Gary Petersen and John Stewart.

BND

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BND pays origination fees for student loans

The Bank of North Dakota (BND) announced it will pay the three percent origination fee for all Stafford loans obtained for the college academic year from July 1, 2006 to June 30, 2007. For example, a college student who borrows a \$5,000 Stafford Loan will save \$150 in federal origination fees. Stafford Loans are the most common source of student loans in the U.S.

“With BND paying the three percent origination fee on behalf of the student, the Bank is helping to make college more affordable for students, and that’s important to keep our universities accessible,” said Gov. John Hoeven.

“The origination fee on Stafford Loans is required by the U.S. Department of Education and is deducted up front at the time funds are sent to the school,” said Attorney General Wayne Stenehjem. “By making this financial commitment, BND is expanding its efforts to serve North Dakota students as they work to obtain a higher education.”

“The zero origination fees will apply to unsubsidized and subsidized, graduate and undergraduate Stafford Loans that are disbursed on or after April 1, 2006,” said Agriculture Commissioner Roger Johnson. “The fee payment boosts financial assistance at a time when students need help to reduce loan costs.”

“Bank of North Dakota is committed to providing programs that make higher education available and affordable for students,” said BND President Eric Hardmeyer. “This origination fee benefit is another example of our commitment.”

BND made the nation’s first federally insured student loan in 1967, and currently offers a variety of loan programs to help students and parents finance a college education. For more information about financing higher education call 1-800-472-2166 or visit www.mystudentloanonline.nd.gov.

MATCH Program

(continued from page 1)

great success in bringing new jobs to North Dakota,” said Lt. Governor Jack Dalrymple, chair of the State Investment Board. “It’s a win-win for everyone because there is very little risk and it keeps our money invested in North Dakota.”

Companies seeking participation provide evidence of considerable financial strength as demonstrated by a long-term credit rating of “A” or better from a national rating agency.

Through this program, BND will participate in loans to

financially strong companies and provide interest rates at some of the lowest in the nation. Currently interest rates are .25% to .50% over the US Treasury rate with a 15-year maximum amortization.

BND President Eric Hardmeyer said, “By investing in financially established businesses we enhance North Dakota’s opportunity for the creation of new wealth. We were reaching the cap on the program and wanted to continue to provide financing opportunities for expansion and job growth in a thriving economy.”